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AUG 07 2008

INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION
OF THE PIKE-GIBSON WATER, INC.,
OF GIBSON, PIKE AND WARRICK
COUNTIES, INDIANA, FOR APPROVAL
OF A NEW SCHEDULE OF WATER RATE
AND CHARGES

Cause No. 43528

PIKE-GIBSON WATER, INC.
PRE-FILED TESTIMONY

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION
OF THE PIKE-GIBSON WATER, INC.,
OF GIBSON, PIKE AND WARRICK
COUNTIES, INDIANA, FOR APPROVAL
OF A NEW SCHEDULE OF WATER RATE
AND CHARGES

Cause No. 43528

TESTIMONY OF PATRICK CALLAHAN, CPA

On Behalf of Petitioner
PIKE-GIBSON WATER CORPORATION

Petitioner's Exhibit No. 1

PREFILED DIRECT TESTIMONY AND EXHIBITS OF
PATRICK CALLAHAN, CPA

On Behalf of

PIKE-GIBSON WATER, INC.
IURC Cause No. 43528

BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

1 1. Q. Would you please state your name, business address and
2 affiliation with the Petitioner?

3 A. My name is Patrick Callahan. My business address is
4 135 North Union Street, Westfield, Indiana 46074. I
5 am an independent Certified Public Accountant and other
6 than being employed to provide certain professional
7 services, I am unaffiliated with Petitioner.

8 2. Q. Please describe the nature of your business.

9 A. Patrick Callahan, Certified Public Accountant is a firm
10 which provides utility accounting services to a variety
11 of clients, including a number of water utilities
12 regulated by the Indiana Utility Regulatory Commission.

13 3. Q. Please summarize your educational background and
14 experience in matters relevant to Petitioner's request
15 before this Commission.

16 A. I graduated from Franklin College in 1980 with a major

17 in Accounting and Business Administration. I am a
18 registered Certified Public Accountant in the State of
19 Indiana with membership in the Indiana State CPA
20 Society. In May, 1982, I began my employment with the
21 Accounting Department of the Indiana Utility Regulatory
22 Commission (formerly the Public Service Commission of
23 Indiana). In that capacity, I was responsible for
24 evaluating the financial condition along with the rate
25 request of all types of utilities under the Indiana
26 Utility Regulatory Commission jurisdiction. After
27 reviewing the rate request, I would then make
28 recommendations to the Commission by preparing exhibits
29 and providing testimony. I attended and completed the
30 National Association of Regulatory Commissioner's
31 Annual Regulatory Studies Program at Michigan State
32 University in 1984. In July, 1985, I entered into
33 private practice working extensively with utilities.

34 4. Q. Have you previously testified before this Commission as
35 to rate relief required by various utilities?

36 A. Yes, I have.

37 5. Q. What is the purpose of the testimony and exhibit you
38 have prefiled in this proceeding?

39 A. The purpose of my testimony and exhibit in this Cause

is to determine the proper level of rate relief for Pike-Gibson Water, Inc. and ultimately the rates to be charged to its water customers.

6. Q. Have you determined the proper level of rate relief for Pike-Gibson Water, Inc.?

A. Yes, I have. Based upon the financial rate study, Petitioner will have to increase its annual operating revenues by \$212,997 or an increase of 17.7% to meet its annual revenue requirements. This increase applied on an "across-the board" basis will allow Petitioner to recover the necessary revenues to operate.

7. Q. Could you please explain your financial rate study?

A. Yes. The financial rate study can be divided into two sections. The first section is the historical financial information of Petitioner. Pages 1 through 3 present the historical financial information. The financial statements have been taken from the books and records of Petitioner and are the representation of management. I have not audited them and accordingly do not express an opinion on them. The second section of the financial rate study is the pro-forma information with projections. The financial projections are based upon historical information and anticipated occurrences

63 that are fixed, known and measurable. These financial
64 projections present, to the best of management's
65 knowledge and belief, the Utility's expected results of
66 operations for a twelve-month period. Even if these
67 projections are agreed upon, there will usually be
68 differences between projected and actual results
69 because events and circumstances frequently do not
70 occur as expected and these differences may be
71 material. Pages 4 and continuing through 33 provide
72 information and support for the requested increase by
73 Petitioner.

74 8. Q. Please explain the historical financial information
75 presented on pages 1 through 3.

76 A. The comparative balance sheet of Petitioner is shown on
77 page 1. The comparative balance sheet is presented as
78 of December 31, 2005, 2006 and 2007. The detail to the
79 utility plant in service is provided on page 2. The
80 comparative income statement is presented on page 3.
81 The comparative income statement reflects the results
82 of operations for the calendar years 2005, 2006 and
83 2007. Petitioner had net losses for all three
84 comparative years. The test year in this Cause is the
85 twelve months ended December 31, 2007 as agreed upon by
86 the parties and included in the prehearing conference

87 order from this Commission.

88 9. Q. Please explain the pro-forma information reflected on
89 pages 4 through 32.

90 A. On page 4 of the rate study is the summary of the pro-
91 forma revenue requirements of Petitioner. This page
92 itemizes all of the revenue requirements along with the
93 respective amount to be recovered from Petitioner's
94 customers through rates and charges. As shown on line
95 17 of page 4, Petitioner will require \$1,442,556
96 annually to meet its operation & maintenance expenses,
97 taxes, historical extensions & replacements, capital
98 improvement program and debt service. The
99 miscellaneous operating revenues and recurring interest
100 income will be used to reduce the annual revenue
101 requirements from \$1,442,556 to \$1,414,995. As shown on
102 line 27 of page 4, the current rates and charges will
103 require an increase of 17.7%. On page 5, I have
104 provided the pro-forma net operating income statement.
105 Column A of this statement is the actual net operating
106 income statement for the twelve months ended December
107 31, 2007, the test year in this Cause. In column B are
108 the many adjustments necessary to adjust the test year
109 income statement to reflect twelve months of normal
110 operations. Each dollar amount reflected in column B

111 is followed by number in parenthesis. This number or
112 footnote to the adjustment is detailed on pages 6 to 25
113 and will be discussed later. Column C is the summation
114 of Column A and the adjustments shown in Column B.
115 Column C is normally referred to as the pro-forma
116 present-rate net operating income statement. Column D
117 reflects the adjustments needed to reflect the proposed
118 rate increase along with the additional Indiana Utility
119 Regulatory Commission ("IURC") fee associated with the
120 proposed increase. The detail to these adjustments is
121 shown on pages 24 and 25 and will be discussed later.
122 Column E is the summation of Columns C and D and is the
123 expected results of operation for a normal twelve-month
124 period with the proposed 17.7% rate increase in affect.

125 10. Q. Would you please explain the adjustments in Columns B
126 and D?

127 A. Yes. Adjustment 1 is needed to normalize operating
128 revenues. During the test year, Petitioner billed its
129 customers \$1,197,233; however, the test year financial
130 statements reflected \$1,201,849 in billings. This
131 adjustment will adjust the revenues to the actual
132 billings. Presented in Adjustment No. 2 is the increase
133 in operating revenues to reflect customer growth. In
134 the beginning of the test year, there were 3,229

residential customers; however, at the end of the test year, there were 3,229 customers. During the test year, 42 customers were added to the system; therefore, requiring an adjustment of \$4,112. Adjustment No. 3 is needed to reflect the additional customers added since the test year end. The July, 2008 billing shows two additional residential customers were added since the end of the test year. The operating revenues were increased by \$654. Adjustment No. 4 is required to reclassify revenues from customers that were assessed a forfeited discount charge. Petitioner billed \$7,789 in forfeited discounts; therefore, this amount was deducted from the water sales and reclassified as forfeited discounts. Non-recurring and/or non-operating revenues were eliminated from the operating revenues in Adjustment No. 5. Tap fees, moneys received from customers for hydrant replacement, line extension, connection charges and memberships were eliminated from the operating revenues. On page 11, Adjustment 6 is needed to increase Petitioner's purchased water expense. Petitioner purchases its water supply from two sources, Patoka Lake Regional Water and Sewer District ("PLRWSD") and the City of Petersburg. In 2008, PLRWSD increased its wholesale rate to Petitioner by \$0.10 per 1,000 gallons.

Petitioner purchased 80,292,000 gallons from PLRWSD during the test year; therefore the purchased water costs were increased by \$8,029. As discussed in Adjustment No. 2, Petitioner normalized its revenues for the additional 42 residential customers added in the test year. Due to this customer growth adjustments, Adjustment No. 7 increases the operation and maintenance expenses for additional purchased water and power costs. It is projected the additional residential customers will require nearly 788,000 gallons annually. The purchased water expense has been increased \$1,234 and the power costs increased by \$58.

11. Q. **Please continue.**

A. The pro-forma payroll expense of \$269,735 is reflected in Adjustment 8. Petitioner has seven full-time and part-time employees. The total pro-forma payroll adjustment is an increase of \$8,292 over the test year expense. Adjustment Nos. 9 and 10 are for employee benefits. Adjustment No. 9 reflects the increase in retirement benefits. Currently, the retirement benefits are based on the employee's payroll exclusive of overtime. The employees' hourly rate is multiplied by the number of regular time hours (2,080 hours) times 8.00%. The retirement benefits will increase by

184 \$2,561. The health and life insurance expense is
185 presented in Adjustment No. 10. Based on current
186 premiums, the cost for health and life will increase by
187 \$13,425. Adjustment No. 11 is needed to reclassify
188 expenditures that should be capitalized or reclassified
189 as extensions & replacements. Some of these expenses
190 were paid by customers through tap fees, connection
191 charges or line extensions. I have removed \$22,858
192 from operation & maintenance expenses. The cost of
193 fuel has increased during the test year. Adjustment
194 No. 12 allows Petitioner to recover the increase in
195 fuel costs. During the test year, Petitioner used
196 7,072.4 gallons. The increased fuel cost requires
197 Petitioner to recover an additional \$10,701 annually.
198 Adjustment No. 13 is the cost for maintaining
199 Petitioner's booster stations and pumps. The annual
200 cost for pump maintenance is \$4,560. Presented in
201 Adjustment No. 14 is the Consulting Engineer's
202 recommendation for maintaining and painting the
203 standpipes and elevated storage facilities. The cost to
204 provide for the maintenance of water storage facilities
205 is \$13,333 annually for Petitioner's five storage
206 facilities. The rate case expense is shown in
207 Adjustment No. 15. The total rate case expense is
208 estimated at \$19,500 and is amortized over five years

209 providing an annual expense of \$3,900. Adjustment 16
210 is the fee charged by the IURC. This fee is based upon
211 the operating revenues of the Utility. The operating
212 revenues are multiplied by a percentage of 0.1203%
213 resulting in a pro-forma expense of \$1,467. Adjustment
214 17 reflects the reduction in depreciation expense.
215 Although Petitioner's revenue requirements do not
216 include depreciation expense, Petitioner's income
217 statement is adjusted to reflect a composite
218 depreciation rate of 1.7%. The pro-forma depreciation
219 expense of \$111,174 is based on the existing utility
220 plant in service. Adjustment No. 18 increases the
221 FICA/Medicare taxes due to the increase in payroll
222 expense. The payroll expense will increase by \$841
223 annually.

224 12. Q. Please explain the adjustments in column D of page 5.

225 A. In column D, I have included two adjustments. The
226 first, Adjustment No. 19, presents the proposed 17.7%
227 rate increase to Petitioner's customers. This increase
228 will provide an additional \$212,997 annually in
229 revenues. Adjustment No. 20 is the adjustment needed
230 to reflect the additional IURC fee assessed due to the
231 proposed increase in operating revenues.

232 13. Q. Will you please explain the remaining revenue
233 requirements of Petitioner reflected on pages 26
234 through 33?

235 A. Yes. On page 26, I have provided Petitioner's
236 historical extensions and replacements ("E&R") and pro-
237 forma depreciation expense. I have included \$27,153
238 annually for extensions and replacements. I have
239 analyzed Petitioner's plant additions for 2005, 2006
240 and 2007. I have reduced the additions to utility
241 plant for non-recurring items and items included in the
242 capital improvements on page 27. I have reduced the
243 E&R revenue requirements for payments made by
244 customers, such as tap fees, connection charges, etc.
245 The E&R amount of \$27,153 will pay for meter change-
246 outs, pump replacements and other utility plant.
247 Additionally, Petitioner is requesting the Commission
248 to allow for a capital improvement program. The
249 distribution system is in need of looping to enhance
250 the system. On page 27, I have included seven areas
251 that need looping. Also, Petitioner wants to complete
252 is SCADA system that has been started. Also, I have
253 included two vehicles that need to be replaced. The
254 total capital improvement program will require \$102,156
255 annually to complete these projects. Petitioner
256 currently has three outstanding long-term notes. The

first outstanding debt is a promissory note held by Rural Development Administration ("RDA"). This long-term note, presented on page 28, has an average annual debt service of \$56,472. Presented on pages 29 and 30 are the amortization schedules for two promissory notes held by Fifth Third Bank. The average annual debt service (principal and interest) for the two notes are \$186,115 and \$17,896.

14. Q. Has Petitioner requested working capital as a revenue requirement?

A. No. Although based on the available cash at test year-end, no working capital is required. The 45-day method was used to determine the annual working capital requirement for Petitioner. However, based on the balance sheet on page 1, the cash has decrease every year. If this trend continues, working capital may be needed. The working capital calculation is shown on page 31.

15. Q. Please explain the "Schedule of Present and Proposed Rates" shown on page 32.

A. On page 32 is the schedule comparing the present and proposed rates. The two approved WWCT's has been added (rolled-in) to the current approved base rates. The

280 proposed rate request will increase the present rates
281 and charges by 17.7%. The impact to the customer is
282 shown on page 33. Assuming a customer consumes 4,000
283 gallons of water per month, the customer's bill would
284 increase \$4.05, from \$22.84 to \$26.89 per month. The
285 minimum charge for a customer with a 5/8" meter will
286 realize an increase of \$2.10 per month, from \$11.86 to
287 \$13.96.

288 16. Q. Does this conclude your prefiled written testimony?

289 A. Yes.

PIKE-GIBSON WATER, INC.

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PIKE-GIBSON WATER, INC.

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PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Comparative Balance Sheet
For the Years Ended December 31, 2005, 2006 and 2007
(Unaudited)

Line No.		Year Ended 12/31/07 Col. A	Year Ended 12/31/06 Col. B	Year Ended 12/31/05 Col. C
1	<u>ASSETS</u>			
2	<u>Utility Plant in Service</u>			
3	Utility Plant in Service	\$ 6,539,955	\$ 6,528,378	\$ 6,512,052
4	Less: Accumulated Provision for Depreciation	<u>3,539,301</u>	<u>3,393,159</u>	<u>3,222,054</u>
5				
6	Net Utility Plant in Service	<u>\$ 3,000,654</u>	<u>\$ 3,135,219</u>	<u>\$ 3,289,998</u>
7				
8	<u>Current Assets</u>			
9	Cash - Checking	\$ 183,529	\$ 238,259	\$ 288,983
10	Investments	59,259	56,500	-
11	Accounts receivable - Customers	104,114	109,909	102,417
12	Accounts receivable - Interest	1,072	-	-
13	Accounts receivable - Other	2,994	-	-
14	Prepaid insurance	8,164	300	300
15	Inventory	26,234	14,574	18,654
16	Prepaid expenses	<u>559</u>	<u>0</u>	<u>0</u>
17				
18	Total Current Assets	<u>\$ 385,925</u>	<u>\$ 419,542</u>	<u>\$ 410,354</u>
19				
20	TOTAL ASSETS	<u>\$ 3,386,579</u>	<u>\$ 3,554,761</u>	<u>\$ 3,700,352</u>
21				
22				
23	<u>LIABILITIES and EQUITY</u>			
24	<u>Capital & Equity</u>			
25	Memberships	\$ 346,966	\$ 341,266	\$ 335,394
26	Grant	600,000	600,000	600,000
27	Unappropriated retained earnings	<u>743,009</u>	<u>773,514</u>	<u>796,957</u>
28				
29	Total Current Liabilities	<u>\$ 1,689,975</u>	<u>\$ 1,714,780</u>	<u>\$ 1,732,351</u>
30				
31	<u>Long-Term Debt</u>			
32	Notes payable	<u>\$ 836,602</u>	<u>\$ 1,601,108</u>	<u>\$ 1,743,565</u>
33				
34	<u>Current Liabilities</u>			
35	Accounts payable	\$ 46,830	\$ 47,881	\$ 36,727
36	Accrued payroll	985	4,508	3,761
37	Sales tax payable	4,763	4,975	5,258
38	Payroll taxes payable	2,519	807	4,497
39	Accrued interest	4,343	7,711	1,708
40	Customer deposits	12,850	-	-
41	Other liabilities	-	119	877
42	Notes payable - Current	<u>787,712</u>	<u>172,872</u>	<u>171,608</u>
43				
44	Total Equity	<u>\$ 860,002</u>	<u>\$ 238,873</u>	<u>\$ 224,436</u>
45				
46	TOTAL LIABILITIES AND EQUITY	<u>\$ 3,386,579</u>	<u>\$ 3,554,761</u>	<u>\$ 3,700,352</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Utility Plant in ServiceFor the Years Ended December 31, 2005, 2006 and 2007
(Unaudited)

Line No.		Year Ended 12/31/07 Col. A	Year Ended 12/31/06 Col. B	Year Ended 12/31/05 Col. C
1	<u>Utility Plant in Service</u>			
2				
3	Land	\$ 23,142	\$ 23,142	\$ 23,142
4	Building	266,429	266,429	266,429
5	Water distribution system	6,026,558	5,987,122	5,987,122
6	Furniture & fixtures	37,822	60,108	60,108
7	Equipment	186,004	191,577	175,251
8				
9	Total Utility Plant in Service	<u>\$ 6,539,955</u>	<u>\$ 6,528,378</u>	<u>\$ 6,512,052</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Comparative Income Statement

For the Years Ended December 31, 2005, 2006 and 2007

(Unaudited)

Line No.		Year Ended 12/31/07 Col. A	Year Ended 12/31/06 Col. B	Year Ended 12/31/05 Col. C
1	<u>OPERATING REVENUES</u>			
2	Water sales	\$ 1,209,638	\$ 1,179,985	\$ 1,184,979
3	Tap fees	20,540	16,423	20,060
4	Other operating revenues	42,503	66,523	25,615
5				
6	Total Operating Revenues	\$ 1,272,681	\$ 1,262,931	\$ 1,230,654
7				
8	<u>OPERATING EXPENSES</u>			
9	<u>Operation and Maintenance</u>			
10	Purchased water	\$ 401,921	\$ 396,566	\$ 393,112
11	Water expense	5,776	4,670	3,406
12	Purchased power	19,324	17,279	15,192
13	Telephone	5,206	5,561	6,010
14	Salaries & wages	261,443	210,187	219,494
15	Retirement plan expense	18,189	14,859	16,773
16	Insurance expense	117,714	122,360	105,664
17	Transportation expense	29,834	24,788	25,964
18	Professional fees	21,771	24,377	23,572
19	Director's fees	14,250	15,630	12,600
20	Distribution expense	53,007	86,403	85,572
21	Office expense	29,247	29,256	25,053
22	Miscellaneous expense	13,602	7,057	13,250
23				
24	Total Operation & Maintenance Expenses	\$ 991,284	\$ 958,993	\$ 945,662
25				
26	<u>Depreciation</u>	\$ 194,654	\$ 194,259	\$ 182,885
27				
28	<u>Taxes</u>			
29	Payroll tax	\$ 19,794	\$ 16,260	\$ 17,724
30				
31	Total Taxes	\$ 19,794	\$ 16,260	\$ 17,724
32				
33	Total Operating Expenses	\$ 1,205,732	\$ 1,169,512	\$ 1,146,271
34				
35	Net Operating Income (Loss)	\$ 66,949	\$ 93,419	\$ 84,383
36				
37	<u>OTHER REVENUES (EXPENSES)</u>			
38	Interest income	\$ 10,067	\$ 8,430	\$ 8,424
39	Interest expense	(107,449)	(125,292)	(104,886)
40	Gain (Loss) of sale of assets	(71)	-	-
41				
42	Net Other Revenues (Expenses)	\$ (97,453)	\$ (116,862)	\$ (96,462)
43				
44	Net Income (Loss)	\$ (30,504)	\$ (23,443)	\$ (12,079)

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Pro-Forma Revenue Requirements
and Proposed Increase

Line No.	Pro-Forma Revenue Requirements	Reference	Amount
		P - Page C - Column L - Line	
1	Operation & Maintenance Expenses	P5 - CE - L27	\$ 1,032,130
2			
3	Taxes	P5 - CE - L31	20,635
4			
5	Historical E & R	P26 - L36	27,153
6			
7	Capital Improvement Program	P27 - L27	102,156
8			
9	Debt Service - RD	P28 - CE - L38	56,472
10			
11	Debt Service - Fifth Third Bank #1	P29 - CE - L13	186,115
12			
13	Debt Service - Fifth Third Bank #2	P30 - CE - L21	17,896
14			
15	Working Capital	P31 - L12	0
16			
17	Pro-Forma Revenue Requirements		\$ 1,442,556
18	Less: Forfeited discounts		7,789
19	Less: Miscellaneous		9,705
20	Less: Interest income		10,067
21			
22	Adjusted Pro-Forma Revenue Requirements		\$ 1,414,995
23	Less: Pro-Forma Present Rate Revenues		1,201,998
24			
25	Increase Required - \$		\$ 212,997
26			
27	Increase Required - %		17.7%
28			
29			
30	Monthly Water Bill - based on 4,000 gallons		
31			
32	Current monthly water charge		\$ 22.84
33	Proposed monthly increase		4.05
34			
35	Proposed monthly water charge		\$ 26.89

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Pro-Forma Statement of Net Operating Income
(Unaudited)

Line No.	Year Ended 12/31/07 Col. A	Adjustment Col. B		Pro-Forma Present Rates Col. C	Adjustment Col. D		Pro-Forma Proposed Rates Col. E
1	<u>OPERATING REVENUES</u>						
2	Water sales	\$1,209,638					
3	- Normalization	\$ (4,816)	(1)				
4	- Test year growth	4,112	(2)				
5	- Current growth	654	(3)				
6	- Revenue reclassification	(7,789)	(4)	\$ 1,201,998	\$ 212,997	(19)	\$ 1,414,995
7	Forfeited discounts	7,789	(4)	7,789			7,789
8	Tap fees	(20,540)	(5)	-			-
9	Miscellaneous	42,503	(5)	9,705			9,705
10							
11	Total Operating Revenues	\$1,272,681	(\$53,189)	\$1,219,492	\$212,997		\$1,432,489
12							
13	<u>OPERATING EXPENSES</u>						
14	<u>Operation & Maintenance (O&M) Disbursements</u>	\$ 991,284					
15	- Purchased water	\$ 8,029	(6)				
16	- Additional purchased water & power	1,292	(7)				
17	- Payroll expense	8,292	(8)				
18	- Employee retirement benefits	2,581	(9)				
19	- Employee insurance benefits	13,425	(10)				
20	- Reclassification of E&R	(22,858)	(11)				
21	- Fuel charges	8,225	(12)				
22	- Booster station & pump maintenance	4,560	(13)				
23	- Tank maintenance & painting	13,333	(14)				
24	- Rate case expense	3,900	(15)				
25	- IURC fee	(89)	(16)	\$ 1,031,956	\$ 256	(20)	\$ 1,032,212
26							
27	Total Operation & Maintenance Expenses	\$ 991,284	\$ 40,672	\$ 1,031,956	\$ 256		\$ 1,032,212
28							
29	<u>Depreciation Expense</u>	\$ 194,654	\$ (83,480)	\$ 111,174			\$ 111,174
30							
31	<u>Taxes - Payroll taxes</u>	\$ 19,794	\$ 841	\$ 20,635			\$ 20,635
32							
33	Total Operating Disbursements	\$ 1,205,732	\$ (41,967)	\$ 1,163,766	\$ 256		\$ 1,164,021
34							
35	Net Operating Income (Loss)	\$ 66,949	\$ (11,222)	\$ 55,727	\$ 212,740		\$ 268,468

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(1)

To adjust operating revenues to reflect the
normalization of billings for 2007.

January	2007	\$	96,799
February	2007		103,895
March	2007		88,319
April	2007		89,837
May	2007		97,866
June	2007		116,185
July	2007		103,227
August	2007		113,449
September	2007		104,809
October	2007		98,474
November	2007		90,186
December	2007		<u>94,187</u>
Pro-forma billings		\$	1,197,233
Less: Test year			<u>1,201,849</u>
Adjustment - (Decrease)		\$	<u>(4,616)</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(2)

To adjust operating revenues to reflect the growth of Residential customers during the test year.

<u>Billing Date</u>		<u>Number of Customers</u>	<u>Growth</u>	<u>Bills Remaining</u>	<u>Additional Annual Bills</u>
January	2007	3187		-	-
February	2007	3194	7	1	7
March	2007	3189	-5	2	(10)
April	2007	3196	7	3	21
May	2007	3216	20	4	80
June	2007	3221	5	5	25
July	2007	3226	5	6	30
August	2007	3232	6	7	42
September	2007	3235	3	8	24
October	2007	3239	4	9	36
November	2007	3233	-6	10	(60)
December	2007	3229	-4	11	(44)

Annual growth in Residential customers 42

Additional annual residential billings	151
Times: Average monthly bill (4,800 gallons/month)	\$ 27.23
Adjustment - Increase	<u>\$ 4,112</u>

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(3)

To adjust operating revenues to reflect an increase
in Residential customers since end of test year.

Residential customers as of 7/31/08	3,231
Less: Residential customers at 12/31/07	<u>3,229</u>
Increase/(Decrease) in Residential customers	2
Times: Monthly billing (4,800 gallons)	<u>\$ 27.23</u>
Pro-forma billing	\$ 54.46
Times: 12 to annualize	<u>12</u>
Adjustment - Increase	<u><u>\$ 654</u></u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(4)

To adjust operating revenues to reflect the reclassification of forfeited discounts.

January	2007	\$	616
February	2007		573
March	2007		583
April	2007		569
May	2007		617
June	2007		675
July	2007		765
August	2007		651
September	2007		790
October	2007		668
November	2007		607
December	2007		<u>675</u>

Forfeited Discounts - Increase \$ 7,789

Sale of water - (Decrease) \$ (7,789)

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Detail of Adjustment

(5)

To adjust operating receipts to reflect a decrease
due to the reclassification of receipts as non-
operating or non-recurring.

Tap fees	\$ (20,540)	
Adjustment - (Decrease)		<u>\$ (20,540)</u>
Replace hydrant	\$ (638)	
Line extension	(29,485)	
Connection	(2,650)	
Memberships	<u>(25)</u>	
Adjustment - (Decrease)		<u>\$ (32,798)</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Detail of Adjustment

(6)

To adjust operating expenses to reflect an increase
due to Patoka Lake Regional W&S District rate increase.

Patoka Lake Regional Water

Volume of water purchased (000) gallons	80,292.0	
Times: Increase per 1000 from Patoka Lake	\$ 0.10	
Adjustment - Increase		\$ 8,029

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(7)

To adjust operating disbursements to reflect
an increase in purchased water & power due
to customer growth.

Average consumption per customer (000) per month	4.8
Times: Number of bills	<u>151</u>
Pro-forma increase in purchased water (000) gallons	724.8
Divide: Water loss factor	<u>92.0%</u>
Pro-forma additional gallons purchased	787.8
Divide: Test year purchases (000) gallons	<u>261,689.0</u>
Percentage increase	<u><u>0.30%</u></u>

	<u>Pro-Forma Expense</u>		
Purchased water	\$ 409,950	0.30%	\$ 1,234
Purchased power	19,324	0.30%	<u>58</u>
Adjustment - Increase			<u><u>\$ 1,292</u></u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Detail of Adjustment

(8)

To adjust operating disbursements to reflect
an increase in payroll expense.

Pro-forma payroll expense

Office Manager	\$ 28,880
Office Clerk	23,055
Superintendent	50,510
Field employees	<u>167,290</u>

Pro-forma payroll expense	\$ 269,735
Less: Test year	<u>261,443</u>

Adjustment - Increase	<u>\$ 8,292</u>
-----------------------	-----------------

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(9)

To adjust operating disbursements to reflect
an increase for retirement benefits.

Office Manager	\$	2,246	
Office Clerk		1,980	
Superintendent		3,611	
Field employees		<u>12,913</u>	
Pro-forma retirement benefits	\$	20,750	
Less: Test year		<u>18,189</u>	
Adjustment - Increase			<u>\$ 2,561</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(10)

To adjust operating disbursements to reflect
an increase for health & life insurance benefits.

Pro-forma health insurance premium	\$	6,340
Pro-forma life insurance premium		<u>332</u>
Pro-forma monthly premium		6,672
Times: 12 to annualize		<u>12</u>
Pro-forma annual insurance premium	\$	80,064
Add: Health Savings Account		<u>17,500</u>
Pro-forma health/life insurance benefits	\$	97,564
Less: Test year		<u>84,139</u>
Adjustment - Increase		<u>\$ 13,425</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(11)

To adjust operating disbursements to reflect a decrease
due to capitalizing expenditures or reclassifying
disbursements as extentions and replacements.

<u>Vendor</u>	<u>Amount</u>
Utility Supply	\$ (14,058)
Directional bores	<u>(8,800)</u>
Adjustment - (Decrease)	<u>\$ (22,858)</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(12)

To adjust operating expenses to reflect an increase
due to increase fuel charges.

Test year gallons consumed	7,072.4
Times: Rate per gallon	\$ 3.80
Pro-forma fuel charges	\$ 26,875
Less: Test year	18,650
Adjustment - Increase	<u>\$ 8,225</u>

Test Year	Gallons Used	Rate per Gallon	Fuel Expense
January	662.6	\$ 2.01	\$ 1,332
February	578.6	2.11	1,221
March	592.3	2.41	1,427
April	607.6	2.67	1,622
May	625.6	2.97	1,858
June	591.7	3.00	1,775
July	569.6	2.80	1,595
August	638.3	2.59	1,653
September	506.8	2.75	1,394
October	635.7	2.70	1,716
November	574.1	2.91	1,671
December	489.5	2.83	1,385
Total	<u>7,072.4</u>		<u>\$ 18,650</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Detail of Adjustment

(13)

To adjust operating disbursements to reflect an increase
in repairs and maintenance for pumps & wells.

Maintenance - Booster stations	\$ 6,000	
Times: Number of booster stations	<u>2</u>	
Sub-total		\$ 12,000
Maintenance - Booster pumps	\$ 1,800	
Times: Number of booster pumps	<u>6</u>	
Sub-total		<u>10,800</u>
Pro-forma maintenance costs	\$ 22,800	
Divide: Amortization period	<u>5</u>	
Pro-forma repairs & maintenance	\$ 4,560	
Less: Test year	<u>-</u>	
Adjustment - Increase		<u><u>\$ 4,560</u></u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Detail of Adjustment

(14)

To adjust operating disbursements to reflect an increase
to make allowance for tank painting and maintenance.

	Type	Capacity (Gallons)	Estimated Maintenance Cost	Life (Years)	Annual Costs
	Col. A	Col. B	Col. C	Col. D	Col. E
<u>Storage Facilities</u>					
Pike Central	Elevated	100,000	\$ 100,000	15	\$ 6,667
Arthur	Elevated	150,000	125,000	15	8,333
Somerville	Standpipe	165,000	60,000	15	4,000
West Pike	Standpipe	85,000	50,000	15	3,333
Oakland City	Standpipe	312,000	100,000	15	6,667
					<hr/>
Pro-forma tank painting expense					\$ 13,333
Less: Test year					<hr/> 0
Adjustment - Increase					<hr/> <hr/> \$ 13,333

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Detail of Adjustment

(15)

To adjust operating disbursements to reflect an increase
due to the amortization of the rate case fee over five years.

Pro-forma rate case fee	\$	19,500
Divide: Amortization period (years)		<u>5</u>
Adjustment - Increase	\$	<u>3,900</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(16)

To adjust operating expense to reflect the
normalization of the IURC fee.

Pro-forma operating revenues	\$ 1,219,492	
Times: IURC fee	<u>0.1203%</u>	
Pro-forma IURC fee	\$ 1,467	
Less: Test year	<u>1,556</u>	
Adjustment - (Decrease)		<u>\$ (89)</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(17)

To adjust depreciation expense to reflect a decrease
due to applying IURC's composite depreciation rate.

Utility plant in service	\$	6,539,955	
Add: Capitalized expenditures		22,858	
Less: Land		<u>(23,142)</u>	
Depreciable plant	\$	6,539,671	
Times: Composite depreciation rate		<u>1.70%</u>	
Pro-forma depreciation expense	\$	111,174	
Less: Test year		<u>194,654</u>	
Adjustment - (Decrease)			<u>\$ (83,480)</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(18)

To adjust operating disbursements to reflect an
increase in FICA/Medicare tax expense.

Pro-forma payroll expense	\$ 269,735	
Times: FICA/Medicare tax rate	<u>7.65%</u>	
Pro-forma payroll taxes	\$ 20,635	
Less: Test year	<u>19,794</u>	
Adjustment - Increase		<u>\$ 841</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Detail of Adjustment

(19)

To adjust operating receipts to reflect an "across-the-board"
increase of 17.7% in present rates.

Pro-forma present rate receipts	\$ 1,201,998
Times: Proposed increase	<u>17.7%</u>
Adjustment - Increase	<u>\$ 212,997</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Detail of Adjustment

(20)

To adjust operating expense to reflect the
increase in IURC fee due to proposed increase.

Pro-forma operating revenues	\$ 212,997	
Times: IURC fee	<u>0.1203%</u>	
Adjustment - Increase		<u>\$ 256</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Depreciation Expense
and
Historical Extensions & Replacements

Line
No.

1	<u>Depreciation Expense</u>	
2		
3	Utility plant in service (12/31/07)	\$ 6,539,955
4	Add: Capitalized expenditures	<u>22,858</u>
5		
6	Adjusted Utility Plant in Service	\$ 6,562,813
7	Less: Land	<u>23,142</u>
8		
9	Depreciable Utility Plant in Service	\$ 6,539,671
10	Times: Depreciation rate	<u>1.70%</u>
11		
12	Pro-Forma Depreciation Expense	<u><u>\$ 111,174</u></u>
13		
14		
15		
16		
17	<u>Historical Plant Extensions and Replacements (E&R)</u>	
18		
19	Additions: 2005 per Auditor	\$ 275,739
20	2006 per Auditor	46,056
21	2007 per Auditor	60,160
22	Additional E&R per analysis	<u>22,858</u>
23		
24	Less: Tank painting included in 2005	(120,283)
25	SCADA included in 2005	(120,283)
26	Malotte Line Loop included in 2005	(1,464)
27	Vehicle purchased in 2007	(18,700)
28	Pikeville Pit SCADA panel	(9,950)
29	Reimbursements	(29,485)
30	Connection charge	(2,650)
31	Tap fees	<u>(20,540)</u>
32		
33	Net Additions	\$ 81,458
34	Divide: Number of years	<u>3</u>
35		
36	Historical Average E&R	<u><u>\$ 27,153</u></u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Capital Improvement Program

<u>Line No.</u>			<u>Footage</u>	
1	<u>Looping</u>			
2				
3	McDonald Loop	Old State Road	2,500	\$ 26,000
4				
5	Anderson Loop	CR 150 S	3,400	35,000
6				
7	Sheffler Loop	CR 675 S	3,200	33,000
8				
9	Pleasure Acres Loop	CR 825 W	3,700	43,000
10				
11	Dassel Loop	SR 57	1,600	17,000
12				
13	Zillback Loop	Noblesdappel Rd	2,200	28,000
14				
15	Ellis Loop	CR 250 S	2,200	23,000
16				
17	<u>SCADA</u>			60,000
18				
19	<u>Vehicles</u>			
20	Silverado Chevrolet - 2008			25,155
21				
22	Colorado Chevrolet - 2008			<u>16,314</u>
23				
24	Total Capital Improvements			\$ 306,469
25	Divide: Amortization period (years)			<u>3</u>
26				
27	Capital Improvement - Annually			<u><u>\$ 102,156</u></u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Note Amortization Schedule
(Rural Development Administration)

Line No.	Date	Principal Outstanding	Principal Retired	Interest Expense	Annual Debt Service
	Col. A	Col. B	Col. C	Col. D	Col. E
1	2008	\$ 713,214	\$ 21,681	\$ 34,791	\$ 56,472
2	2009	691,533	22,762	33,710	56,472
3	2010	668,771	23,896	32,576	56,472
4	2011	644,875	25,088	31,384	56,472
5	2012	619,787	26,338	30,134	56,472
6	2013	593,449	27,652	28,820	56,472
7	2014	565,797	29,030	27,442	56,472
8	2015	536,767	30,477	25,995	56,472
9	2016	506,290	31,997	24,475	56,472
10	2017	474,293	33,592	22,880	56,472
11	2018	440,701	35,267	21,205	56,472
12	2019	405,434	37,025	19,447	56,472
13	2020	368,409	38,871	17,601	56,472
14	2021	329,538	40,808	15,664	56,472
15	2022	288,730	42,843	13,629	56,472
16	2023	245,887	44,979	11,493	56,472
17	2024	200,908	47,221	9,251	56,472
18	2025	153,687	49,575	6,897	56,472
19	2026	104,112	52,047	4,425	56,472
20	2027	52,065	52,065	1,830	53,895
31					
32	Total		<u>\$ 713,214</u>	<u>\$ 413,649</u>	<u>\$ 1,126,863</u>
33					
34					
35	Total Debt Service (2008-2012)		<u>\$ 68,339</u>	<u>\$ 101,077</u>	<u>\$ 169,416</u>
36	Divide: Number of years		<u>3</u>	<u>3</u>	<u>3</u>
37					
38	Average Annual Debt Service		<u>\$ 22,780</u>	<u>\$ 33,692</u>	<u>\$ 56,472</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.

Oakland City, Indiana

Note Amortization Schedule

(Fifth Third Bank)

Line No.	Date Col. A	Principal Outstanding Col. B	Principal Retired Col. C	Interest Expense Col. D	Annual Debt Service Col. E
1	2008	\$ 754,906	\$ 150,257	\$ 35,858	\$ 186,115
2	2009	604,649	157,394	28,721	186,115
3	2010	447,255	164,870	21,245	186,115
4	2011	282,385	172,701	13,413	186,114
5	2012	109,684	109,684	5,210	114,894
6					
7	Total		<u>\$ 754,906</u>	<u>\$ 104,447</u>	<u>\$ 859,353</u>
8					
9					
10	Total Debt Service (2008-2011)		\$ 472,521	\$ 85,823	\$ 558,344
11	Divide: Number of years		<u>3</u>	<u>3</u>	<u>3</u>
12					
13	Average Annual Debt Service		<u>\$ 157,507</u>	<u>\$ 28,608</u>	<u>\$ 186,115</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Note Amortization Schedule
(Fifth Third Bank)

Line No.	Date	Principal Outstanding	Principal Retired	Interest Expense	Annual Debt Service
	Col. A	Col. B	Col. C	Col. D	Col. E
1	2008	\$ 156,194	\$ 8,368	\$ 9,528	\$ 17,896
2	2009	147,826	8,878	9,017	17,895
3	2010	138,948	9,420	8,476	17,896
4	2011	129,528	9,994	7,901	17,895
5	2012	119,534	10,604	7,292	17,896
6	2013	108,930	11,251	6,645	17,896
7	2014	97,679	11,937	5,958	17,895
8	2015	86,742	12,665	5,230	17,895
9	2016	73,077	13,438	4,458	17,896
10	2017	59,639	14,258	3,638	17,896
11	2018	45,381	15,127	2,768	17,895
12	2019	30,254	16,050	1,845	17,895
13	2020	14,204	14,204	866	15,070
14					
15	Total		<u>\$ 156,194</u>	<u>\$ 42,214</u>	<u>\$ 89,478</u>
16					
17					
18	Total Debt Service (2008-2012)		\$ 26,666	\$ 42,214	\$ 53,687
19	Divide: Number of years		<u>3</u>	<u>3</u>	<u>3</u>
20					
21	Average Annual Debt Service		<u>\$ 8,889</u>	<u>\$ 14,071</u>	<u>\$ 17,896</u>

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Working Capital Calculation

<u>Line No.</u>		
1	Pro-forma operation and maintenance (O&M) expenses	\$ 1,032,212
	Less: Purchased water	\$409,950
2	Less: Purchased power	19,324
3		
4	Adjusted O&M expenses	\$ 602,938
5	Divide: FERC 45-day factor	8
6		
7	Sub-total	\$ 75,367
8	Less: Available cash	183,529
9		
10	Working Capital Requirement (if \$0 or less, no working capital needed)	\$ (108,162)
11		
12	Working Capital Requirement included in Revenue Requirements	\$ -

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Schedule of Present and Proposed Rates

			Base Water Rates	Roll-In of 2003 & 2005	Adjusted Present Rates	Proposed Rates 17.7%	Increase	
			Col. A	Col. B	Col. C	Col. D	Amount Col. E	Percent Col. F
(a) <u>Metered Rates per Month</u>								
<u>Per 1,000 Gallons</u>								
First	2,000	gallons	\$ 5.79	\$ 0.14	\$ 5.93	\$ 6.98	\$ 1.05	17.7%
Next	8,000	gallons	5.35	0.14	5.49	6.46	0.97	17.7%
Next	15,000	gallons	4.16	0.14	4.30	5.06	0.76	17.7%
Next	25,000	gallons	3.28	0.14	3.42	4.03	0.61	17.7%
Over	50,000	gallons	2.03	0.14	2.17	2.55	0.38	17.7%
(b) <u>Minimum Charge per Month</u>								
<u>Meter Size</u>		Gallons Allowed						
5/8 inch meter	2,000		\$ 11.58	\$ 0.28	\$ 11.86	\$ 13.96	\$ 2.10	17.7%
3/4 inch meter	5,000		27.63	0.70	28.33	33.35	5.02	17.7%
1 inch meter	10,000		54.38	1.40	55.78	65.66	9.88	17.7%
1 1/2 inch meter	25,000		116.78	3.50	120.28	141.59	21.31	17.7%
2 inch meter	40,000		165.98	5.60	171.58	201.98	30.40	17.7%
3 inch meter	100,000		300.28	14.00	314.28	369.97	55.69	17.7%

See Accountant's Report

PIKE-GIBSON WATER, INC.
Oakland City, Indiana

Typical Monthly Billing

Usage (Gallons)	Present Bill	Proposed Bill	Increase Over Present Rates
0	\$ 11.86	\$ 13.96	\$ 2.10
1,000	11.86	13.96	2.10
2,000	11.86	13.96	2.10
3,000	17.35	20.42	3.07
4,000	22.84	26.88	4.04
5,000	28.33	33.34	5.01
6,000	33.82	39.80	5.98
7,000	39.31	46.26	6.95
8,000	44.80	52.72	7.92
9,000	50.29	59.18	8.89
10,000	55.78	65.64	9.86
15,000	77.28	90.94	13.66
20,000	98.78	116.24	17.46
25,000	120.28	141.54	21.26
30,000	137.38	161.69	24.31
50,000	205.78	242.29	36.51
75,000	260.03	306.04	46.01
100,000	314.28	369.79	55.51

	Gallons	Present Rates	Proposed Rates
Min.	2,000	\$ 11.86	\$ 13.96
First	2,000	5.93	6.98
Next	8,000	5.49	6.46
Next	15,000	4.30	5.06
Next	25,000	3.42	4.03
Over	50,000	2.17	2.55

See Accountant's Report

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION
OF THE PIKE-GIBSON WATER, INC.,
OF GIBSON, PIKE AND WARRICK
COUNTIES, INDIANA, FOR APPROVAL
OF A NEW SCHEDULE OF WATER RATE
AND CHARGES

Cause No. 43528

TESTIMONY OF JIM SHOULTZ

On Behalf of Petitioner
PIKE-GIBSON WATER CORPORATION

Petitioner's Exhibit No. 2

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION
IURC CAUSE NO. 43528

PREFILED DIRECT TESTIMONY OF
JIM SHOULTZ
ON BEHALF OF AND AS
PRESIDENT OF THE PETITIONER,
PIKE-GIBSON WATER, INC.

Q-1: Please state your name, business address and affiliation with Pike Gibson Water, Inc. for the court and honor?

A-1: Jim Shoultz
Pike-Gibson Water, Inc.
300 N. Jackson Street
Oakland City, Indiana 47660
President

Q-2: How long have you been a member and/or officer of Pike-Gibson Water, Inc.?

A-2: I have been on the Board of Directors since 1973-1988 and 1993 until present. I have been president of the board for 25 years and member of Pike-Gibson 34 years.

Q-3: Have you previously testified before the commission?

A-3: Yes.

Q-4: When?

A-4: I do not remember.

Q-5: Please describe the business of Pike-Gibson Water, Inc.

A-5: Serving rural community of Pike, Gibson and Warrick Counties with good potable drinking water.

Q-6: How is your water obtained and distributed?

A-6: We have two (2) sources. We purchase water from Petersburg from three connections. Second, we purchase water from Patoka Lake from three (3) connections. All sources of water distributed into our system to three (3) counties, Pike, Gibson and Warrick.

Q-7: What is the purpose of your testimony that you have prefiled in this proceeding?

A-7: The purpose of my testimony is to provide background information on the water corporation and to establish the need that we have for a rate increase.

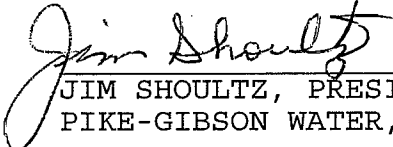
All of our supplies and expenses have increased drastically. We need to have the financial ability to pay for all of our maintenance on our water lines, meters, water towers and pipes.

Q-8: Does this conclude your prefiled testimony?


A.8: Yes.

AFFIRMATION

I affirm under the penalties of perjury that the foregoing testimony is true to the best of my knowledge, information and belief.


JIM SHOULTZ, PRESIDENT
PIKE-GIBSON WATER, INC.

RESPECTFULLY SUBMITTED:



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Princeton, IN 47670
Telephone (812) 385-4816
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CERTIFICATE OF SERVICE

I hereby certify that a full, true and correct copy of the above and foregoing Prefiled Direct Testimony has been served upon the following, by first class United States Mail, postage prepaid, this 6th day of August, 2008.

Dan LeVay
Office of Utility Consumer Counselor
National City Center
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204